

**NEED AND DEMAND ANALYSIS
FOR THE CATAWBA CROSSING APARTMENTS
IN
ROCK HILL, SOUTH CAROLINA**

**Prepared for
Connelly Builders
for submission to
the South Carolina State Housing Finance and Development Authority**

February 2018

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INTRODUCTION

PURPOSE

The purpose of this report is to present the findings of an analysis of the need and demand for the proposed Catawba Crossing Apartments in Rock Hill, South Carolina. A total of 50 units are to be developed: 50 two-bedroom units. The apartments will rent to older households (aged 55 years and older) whose incomes qualify their apartments for tax credit status.

ASSUMPTIONS AND CONDITIONS

The findings of this study are predicated upon the assumption that the proposed development, as presented to us, will be located at the site described in the report, that it will be funded through the program under which it was prepared, and within the stated projection period.

Further, the findings are based on the assumption that once funded, the complex will be well-designed, well-marketed, and professionally managed.

The data and analysis in this study are based on information relating to conditions in the town, market area, county, and state in which the project is to be located, and has been obtained from the most pertinent and current available sources. Likewise, every effort has been made to ensure its accuracy and reliability. However, we can assume no responsibility for inaccuracies in reporting by any local, regional, state, or federal agency cited, nor for any information withheld or erroneously reported by the sources cited during the normal course of our professional research. Consequently, we reserve the right to alter our findings and conclusions, if necessary, on the basis of any discovered material inaccuracies.

It is important to stress that coverage from the 2010 Census does not equate with the coverage provided in previous decennial Censuses. Thus, other sources - notably the Census Bureau's American Community Survey - is necessarily to be relied upon. The latter is based on a relatively small sample (compared with earlier sample-based Census reports) and therefore is subject to large statistical margins of error. Thus, use of these data is subject to the *caveat* that those data may not be as rigorous or as reliable as Census data prior to 2010. In this regard, if the data suggest outcomes at variance with our observations from other sources, these will be highlighted in our findings. Additionally, given that some Census data are yet to be published (and are less comprehensive than before) third parties - such as State data centers and others - have not had the opportunity to derive projections utilizing those more recent data at this time. Here, we will employ established, reliable, and conservative methods and assumptions in our analysis.

The site of the proposed apartments was visited (on January 27, 2018). In addition, interviews are held with persons with particular knowledge pertinent to the study.

The report is designed to satisfy the underwriting criteria of the reviewing agency for which it was performed, and the conclusions, based on the results of our research, experience, and expertise reflect the predicted ability of the project, as presented to us, to meet or exceed that reviewing agency's guidelines. Thus, a positive conclusion does not necessarily imply that the project would be found to be feasible or successful under different underwriting standards, and this study does not necessarily incorporate generally accepted professional market study standards and elements pre-empted by the guidelines set out by the reviewing agency.

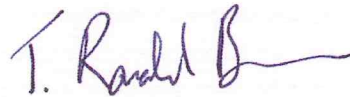
It is stated that we have no responsibility for opinions requiring expertise in other fields of expertise - these would include, for example, legal, environmental, architectural, and engineering matters.

To the best of our knowledge, this report is an accurate representation of market conditions. While due care and professional housing market study techniques were used, no guarantee is made of the findings.

It is stated that we do not have, nor will have in the future, any material interest in the proposed development, and that there is no identity of interest between us and the party for whom the project was prepared. Further, we state that the payment of the fee is not contingent upon a favorable conclusion, nor approval of the project by any agency before or after the fact. The payment of the fee does not include payment for testimony nor further consultation.

Submitted, and attested to, by:

T. Ronald Brown, President
T. Ronald Brown: Research & Analysis
P.O. Box 1294
Cary, North Carolina 27512-1294
(919) 233.0670



Date:: February 6, 2018

EXECUTIVE SUMMARY

The following provides a brief summary of each of the major sections in the market analysis.

The proposed development will comprise the development of 50 units of low income tax credit financed housing for seniors. The apartments will rent to older households whose incomes qualify their apartments for tax credit status, with units to be targeted to households at 50 and 60 percent of the local area median income.

The Catawba Crossing Apartments are to be located on the north side of North Anderson Road , to the north of its intersection with Eden Terrace, in north-western Rock Hill. .

The market area for the proposed apartments is south-eastern York County.

Labor force and employment figures have shown very significant growth over the last decade or so. However, employment did fall between 2008 and 2009. Since then, both labor force and employment have shown significant growth - with relatively slower growth in the labor force relative to employment resulting in unemployment rates falling from around 11 to 13.5 percent in 2009 to 2011, to closer to 5 percent in 2016.

The population of the Rock Hill market area is projected to increase from 111,223 in 2010, to 121,953 in 2017, to 126,101 in 2020. The number of households is projected to increase from 42,991 in 2010 to 47,865 in 2017, and to 49,808 in 2020. There were 15,011 renter households in the market area in 2010, which is projected to increase to 17,417 by 2017 and to 18,447 by 2020.

The elderly population (65 years and older) of the Rock Hill market area is projected to increase from 25,726 in 2010, to 34,500 in 2017, to 38,079 in 2020. The number of households is projected to increase from 15,938 in 2010 to 21,374 in 2017, to 23,591 in 2020.

There are many apartment complexes located in the Rock Hill area - with several designated for the elderly. The latter include three HUD-subsidized properties and two tax credit financed developments. Overall occupancy is found to be 98.8 percent, and that for the two tax credit properties, 98.4 percent.

The total potential need for tax credit units for the elderly in the Rock Hill area by 2020 is calculated to be for 858 units. The corresponding figure for two-bedroom units is seen to be for 429 units. Given the calculated need, the proposed 50-unit development amounts to 5.8 percent of the total net need, and 11.7 percent of the need for two-bedroom units.

The capture rate for the ten two-bedroom units targeted at 50 percent of the median is 3.9 percent, with that for the 40 two-bedroom units targeted at 60 percent of the median determined to be 9.3 percent.

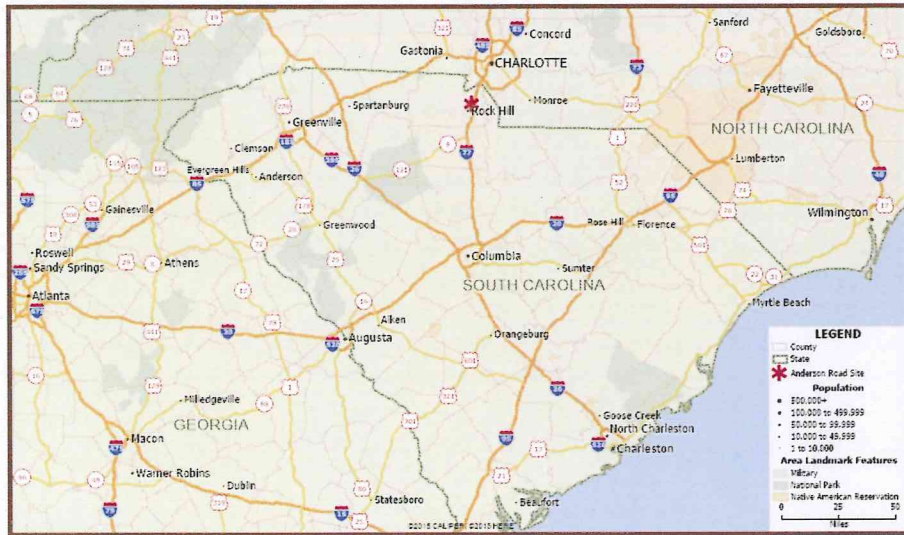
Based on the above, the project could expect to lease-up over a period of four-to-six months, or so.

2018 EXHIBIT S - 2 SCSHFDA PRIMARY MARKET AREA ANALYSIS SUMMARY:										
Development Name:		CATAWBA CROSSING						Total # Units:		50
Location:		North Anderson Road, Rock Hill, SC						LIHTC Unit:		60
PMA Boundary:		South-east York County								
Development Type:		Family	Older Persons	✓				Farthest Boundary Distance to Subject:		13 miles
RENTAL HOUSING STOCK (found on pages 43-62)										
Type	# Properties	Total Units	Vacant Units	Average Occupancy						
All Rental Housing	5	333	4	98.8%						
Market-Rate Housing										
Assisted/Subsidized Housing not to include LIHTC	3	145	1	99.3%						
LIHTC (All that are stabilized)*	2	188	3	98.4%						
Stabilized Comps**	2	188	3	98.4%						
Non-stabilized Comps				%						
* Stabilized occupancy of at least 90% (Excludes projects still in initial lease up).										
** Comps are those comparable to the subject and those that compete at nearly the same rent levels and tenant profile, such as age, family and income.										
Subject Development					Adjusted Market Rent			Highest Unadjusted Comp Rent		
# Units	# Bedrooms	Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF	
50	2	1 1/2	1,001	\$635	\$1,072	\$1.07	40.79%	\$1,484	1.48	
Gross Potential Rent Monthly*				\$31,750	\$63,622		40.79%			
*Market Advantage is calculated using the following formula: (Gross Adjusted Market Rent (minus) Gross Proposed Tenant Rent) (divided by) Gross Adjusted Market Rent. The calculation should be expressed as a percentage and rounded to two decimal points. The Rent Calculation Excel Worksheet must be provided with the Exhibit S-2 form.										
DEMOGRAPHIC DATA (found on pages 30,42)										
	2010		2017		2020					
Renter Households (55 +)	3,318	20.8%	4,422	20.7%	4,868	20.6%				
Income-Qualified Renter HHs (LIHTC)	n/a	n/a	1,031	23.3%	1,135	23.3%				
Income-Qualified Renter HHs (MR)	(if applicable)	%		%		%				
TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 44)										
Type of Demand	50%	60%	Market-rate	Other: __	Other: __	Overall				
Renter Household Growth (55+)	63	104				104				
Existing Households (Overburd + Substand)	365	604				604				
Homeowner conversion (Seniors)	87	149				149				
Other:										
Less Comparable/Competitive Supply	0	0								
Net Income-qualified Renter HHs	515	858				858				
CAPTURE RATES (found on page 45)										
Targeted Population	50%	60%	Market-rate	Other: __	Other: __	Overall				
Capture Rate (two-bedroom only)	3.9	9.3				11.7				
ABSORPTION RATE (found on page 46)										
4 - 6 months, or less										

A. PROJECT DESCRIPTION

Project Location

The proposed development is to be located on North Anderson Road in Rock Hill, in York County, in north-central South Carolina.



Construction type: New construction

The property comprises one three-story residential building, with an elevator. Construction will be slab-on-garde, with wood framing and brick and hardi-plank siding.

Occupancy type :Elderly (55 years and older)

Target income group: 50 and 60 percent of the local area median income

Special population target: not applicable

Proposed unit mix, etc

	<u>No. of units</u>	<u>Sq. Ft.</u>	<u>Rents</u>	<u>Utilities</u>	<u>Targeting*</u>
2 bedroom/1 ¾ bath	10	1,001	\$635	\$87	less than 50 percent
2 bedroom/1 ¾ bath	40	1,001	\$635	\$87	less than 60 percent
Total	50				

* percent of local area median

Rental Assistance: none

With respect to utilities, the units will be all-electric. Each tenant will be responsible for, heating, cooling and other electricity. The owner will responsible for water and sewer costs, and trash collection. The utility allowance is \$87 for a two-bedroom unit.

Project amenities include a site office, laundry, and community space - which includes an exercise room and a computer room. There will be a secure entry system to the property, with video security. There will be a picnic area on the property.

Unit amenities include a fully equipped kitchen, washer and dryer connections, and ceiling fans and mini-blinds. The units will be centrally-heated and air conditioned, with carpet and vinyl flooring. There will be an emergency call-button in each unit.

Representative architectural drawings/plans are set out on the following page.

Rehabilitation information: n/a

Site plan



B. SITE DESCRIPTION

The Catawba Crossing Apartments are to be located on the north side of North Anderson Road (SC 121), to the north of its intersection with Eden Terrace (SC 284), in north-western Rock Hill. Adjacent properties include various businesses (such as a fast-food restaurant, gymnasium, and a cinema), and some undeveloped land.



There are no apparent physical, environmental, or other constraints upon the construction and marketing of the proposed project at this location.



View onto site from Anderson Road



View onto site from Anderson Road



View on property



View onto site from Eden Terrace



View to Anderson Rd., from Eden Terrace at site



View west on Eden Terrace, at site



View towards cinema, at site

Access from the site to major thoroughfares, shopping, and other local services is good - with a significant number of amenities being within easy reach of the site.

The following distances from the site to various local services and amenities.

<u>Category</u>	<u>Neighborhood/Community Amenity</u>	<u>Distance (miles)</u>
Highways	Interstate 77	1.0
Retail - Grocery	Aldi	0.6
	Publix	0.5
	Wal-mart Neighborhood store	1.7
Retail - Other	Dollar Tree	0.7
	K-mart	0.4
	Rock Hill Galleria (Belk, Penney's , etc)	3.1
	Wal Mart	3.1
Gas/convenience	Shell	0.7
Pharmacies	Walgreens	1.5
Banks	Founders Federal Credit Union	0.2
	Bank of America	1.7
Restaurant	Sila Thai	0.2
	Golden Corral	0.2
Entertainment, etc	Cinema	0.1
	Cherry Park	1.3
Senior Centers	Shepherd's Center	2.8
	Rock Hill Senior Center	3.7
Post Office	Cherry Road	2.3
Government	Rock Hill City Hall	4.0
Library	York County Library	3.9
Hospital	Piedmont Medical Center	4.4

Access from the site to major thoroughfares, sources of employment, shopping, and other local services is good.

The site is located on a major north-south route that serves Rock Hill - and is within one half-mile of Cherry Road - a major east-west thoroughfare serving the area. The site is with one mile of Interstate 77.

Cherry Road is a focus for retail and other commercial development. The site is, for example, within two-thirds of a mile of a Publix and an Aldi grocery store, and a K-mart. The site is within three miles of so of the Rock Hill Galleria, which is located off the Dave Lyle Boulevard at Interstate 77, to the south. This center includes, for example, a Belk, Penney's, and a Wal-mart supercenter.

Medical services are available at the Piedmont Medical center and associated services, which is located within five miles of the site, to the west.

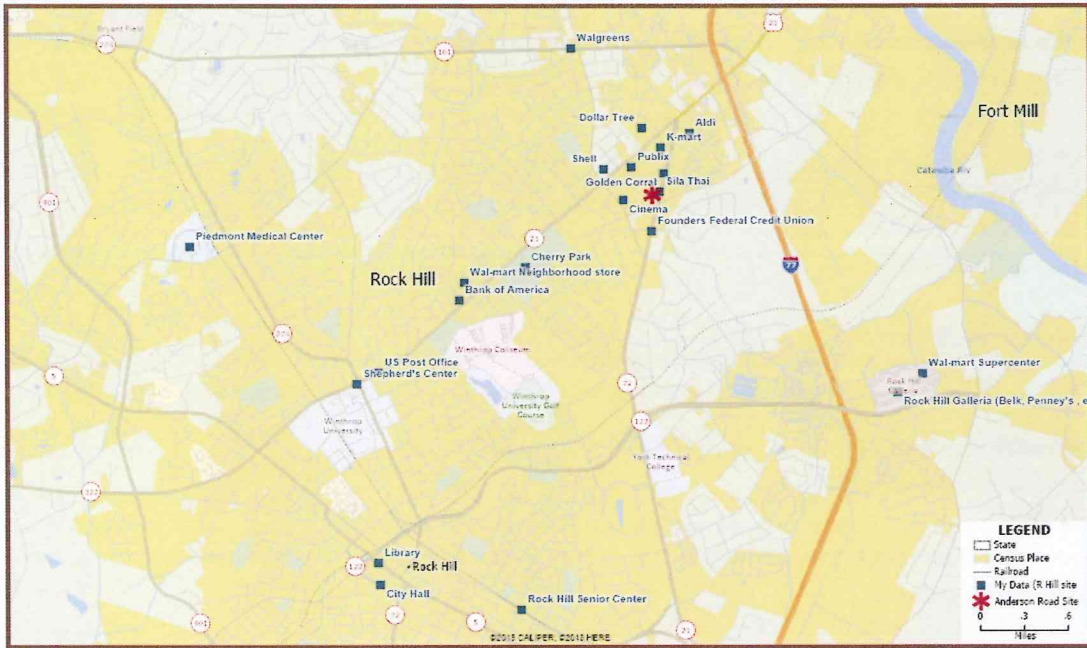
The site is within three miles of the Shepherd's Center which offers programs and services for seniors, and is within four miles of the Rock Hill Senior Center.

The site is within of four miles of the government, shopping, and other services located in the Rock Hill downtown business district.

The are no significant road or other infrastructure projects under way in the area that would directly impact the site.

Based on our observations during our site visits, there is no reason to expect that the risk of crime in this neighborhood would be greater or less than that for other parts of the market area. It is not expected that crime or the perception of crime in the area, would impact the project's marketability - nonetheless, as is prudent, security should be considered in the design and marketing of the project.

There are no apparent physical, environmental, or other constraints upon the construction and ongoing marketing of the proposed project at this location.

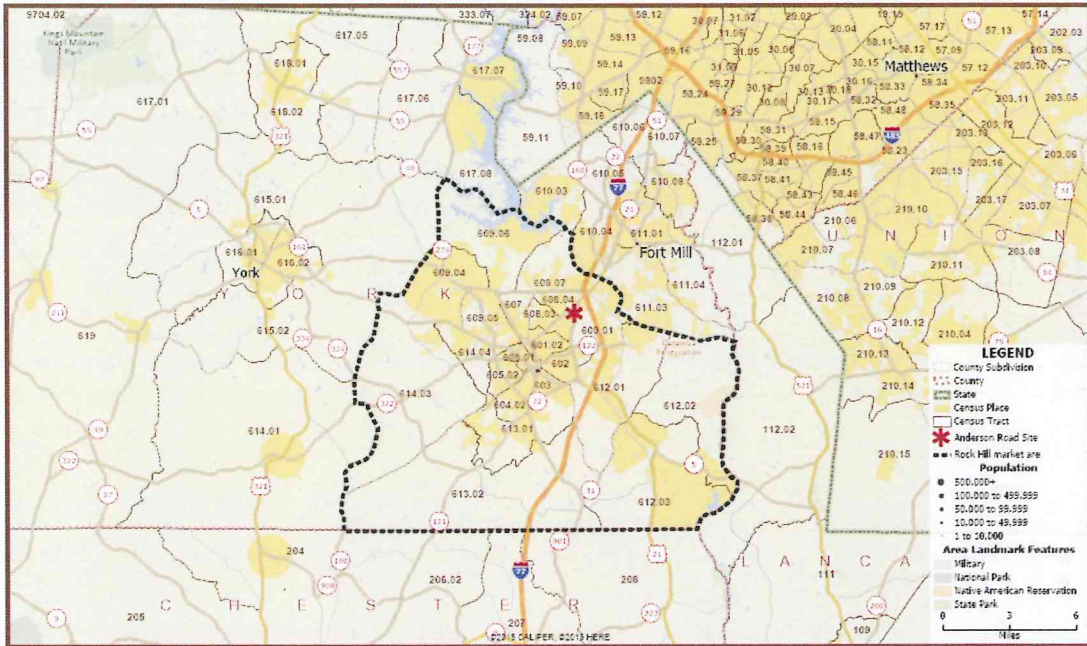


C. MARKET AREA

Market areas are defined on the basis of the consideration of many inter-related factors. These include consideration of the site location, consideration of socio-demographic characteristics of the area (tenure, income, rent-levels, etc.), local commuting patterns, physical (or other) boundaries, census geographies, and especially the location of comparable and/or potentially competing communities.

In communities such as county seats where that community is the county's largest community and is centrally located and can draw from the entire county, the county may be the market area. In circumstances where there are potentially competing communities in one county, the market area will be that part of the county (and, potentially, portions of adjacent counties) which the proposed development is most likely to draw from. Here, a combination of census county subdivisions (townships) may be used to define the market area. In urban or suburban markets, the market area will be areas adjacent to the site and will extend to all locations of relatively similar character, and with residents or potential residents likely to be interested in the project. Here combinations of census county subdivisions (townships) or combinations of census tracts, may be used to define the market area.

Rock Hill is located in east-central York County in northern South Carolina. The market area for the proposed development is south-eastern York County, based on the several census tracts that combine to define the Rock Hill County Census Division. This area is centered on the site of the proposed development and extends up to an approximately ten- mile hinterland (except to the north, where it extends approximately two miles to the Catawba River). The area excludes neighboring and potentially competing communities in York County, such as Fort Mill and York. The area constitutes the geographic area immediately adjacent to the site and extends to all locations of relatively similar character, and with residents, or potential residents, likely to be interested in the project.



The site is located in census tract 608.02. Market study guidelines require provision of the most recent (decennial Census) statistics on race available for the census tract in which the project is located. This information is set out in Table 1, below.

Table 1 - Statistics on Race, Tract 608.02

	<u>number</u>	<u>percent</u>
Race		
Total	1,804	100.0
One race	1,769	98.1
White	1,375	76.2
Black or African American	177	9.8
American Indian and Alaska Native	11	0.6
Asian	51	2.8
Native Hawaiian/other Pacific	0	0.0
Some other race	85	4.7
Two or more races	35	1.9
Two races, with some other race	3	0.2
Two races without some other race	29	1.6
Three races, with some other race	0	0.0
Three races without some other race	3	0.2
Hispanic or Latino		
Total population	1,804	100.0
Hispanic or Latino (any race)	160	8.9
Mexican	91	5.0
Puerto Rican	17	0.9
Cuban	2	0.1
Other Hispanic or Latino	50	2.8
Not Hispanic or Latino	1,644	91.1
Race and Hispanic or Latino		
Total population	1,804	100.0
One race	1,769	98.1
Hispanic or Latino	157	8.7
Not Hispanic or Latino	1,612	89.4
Two or more races	35	1.9
Hispanic or Latino	3	0.2
Not Hispanic or Latino	32	1.8

Source: 2010 Census; T Ronald Brown: Research & Analysis

D. MARKET AREA ECONOMY

EMPLOYMENT BY INDUSTRY

This distribution of employment, by industry, for the Rock Hill market area is set out in Table 2, below. This information is from the 2012 to 2016 American Community Survey (and as such is subject to the limitations of those data). Based on those data, the largest source of employment is manufacturing which accounts for 14.2 percent of the total. Other important sectors include retail trade, healthcare, and professional jobs - each of which employ 10 to 14 percent of the total.

Table 2 - Employment by Industry, Market Area

	<u>number</u>	<u>percent</u>
Agriculture, etc	226	0.4
Construction	2,734	4.9
Manufacturing	7,916	14.2
Wholesale Trade	2,246	4.0
Retail Trade	7,585	13.6
Transp, Warehousing	2,427	4.3
Utilities	821	1.5
Information	1,114	2.0
Finance, Insurance, Real Estate	3,511	6.3
Professional, scientific, management	5,832	10.4
Educational Services	5,069	9.1
Health care	5,730	10.3
Arts, entertainment, recreation	974	1.7
Accommodation and food services	4,684	8.4
Other services	3,144	5.6
Public Administration	1,853	3.3

Source: 2012 to 2016 American Community Survey; T Ronald Brown: Research & Analysis

MAJOR EMPLOYERS

The major (manufacturing) employers in the Rock Hill area are listed in Table 3, below. From this table it is seen that the largest employer in the area is the Piedmont Medical Center - with 1,600 employees. Other significant employers in the area would include Winthrop University, the local school system, and the local government.

Table 3 - Major Employers

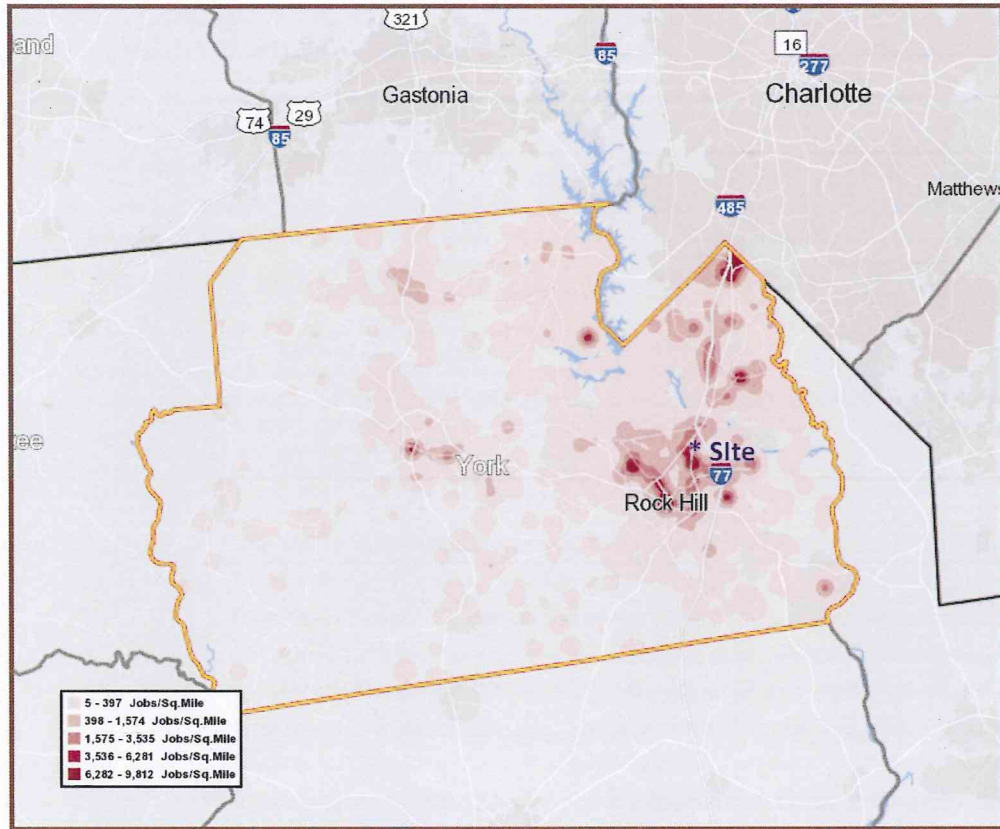
<u>Employer Name</u>	<u>Product/Service</u>	<u>Employees</u>
Piedmont Medical Center	Health Services	1600
Resolute Forest Products	Manufacturing	613
Williams And Fudge	Financial services	360
TE Connectivity	Manufacturing	345
Physicians Choice Lab Services	Laboratory	330
West Marine	Boating accessories, etc	300

Source: York County Economic Development Office

The York County Economic Development Office reports several new job locations and/or expansions throughout York County in 2017. These include Black and Decker (500 new jobs), La-Z-Boy Southeast (30 new jobs), Diversey (400 new jobs), Piedmont Energy Systems (29 new jobs), and Oxco (130 new jobs). Many of these will be located along the Interstate 77 corridor, in the Fort Mill area.

With respect to job losses, it is understood that Resolute Forest Products and Wells Fargo have announced layoffs recently which amount to 180 and 120 employees, respectively.

Based on information from the Census, the location of the site relative to the distribution of employment in the wider York County area is illustrated in the map, below.

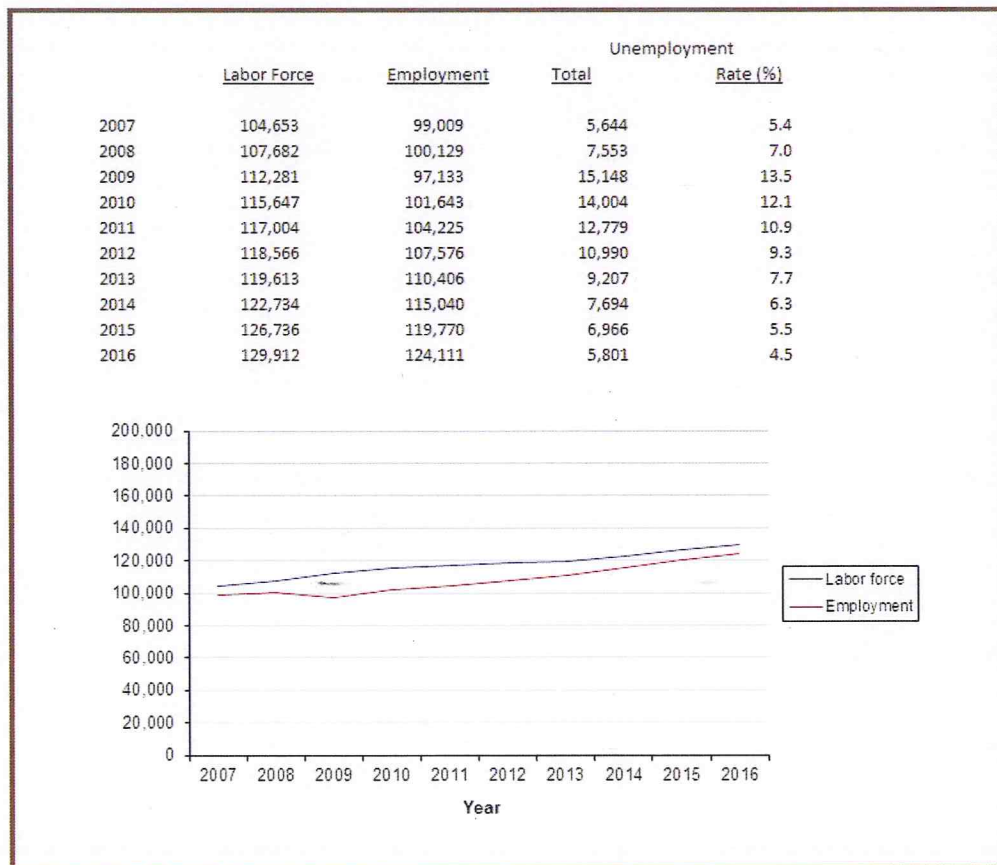


LABOR FORCE AND EMPLOYMENT

The makeup and trends of the labor force and employment have a strong influence on the growth and stability of the local housing market in general. In 2016, the most recent year for which annualized data are available, the York County labor force comprised an estimated 129,912 persons. Of this total, 124,111 were employed and 5,801 or 4.5 percent were unemployed.

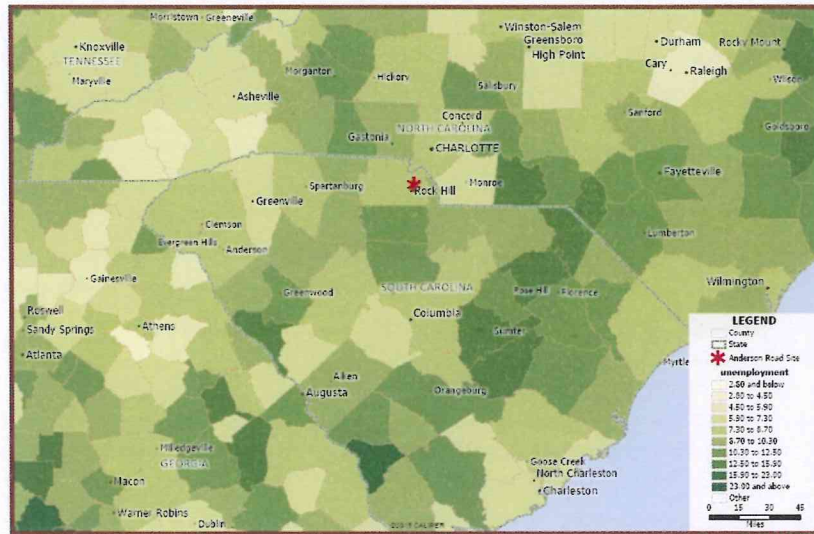
Labor force and employment figures have shown very significant growth over the last decade or so. However, employment did fall between 2008 and 2009. Since then, both labor force and employment have shown significant growth - with relatively slower growth in the labor force relative to employment resulting in unemployment rates falling from around 11 to 13.5 percent in 2009 to 2011, to closer to 5 percent in 2016. Under these circumstances, it is difficult to predict labor force or employment levels in the short-term.

Table 4 - York County Labor Force and Employment



Source: US Department of Labor

Recent levels of unemployment throughout South Carolina are illustrated, below



COMMUTING

Based on data from the American Community Survey, 42.8 percent of workers resident in Rock Hill were employed in Rock Hill, with 66.6 percent employed in York County as a whole. The average driving time to work for residents of Rock Hill was 23.7 minutes.

Table 5 - Commuting Data

	<u>number</u>	<u>percent</u>
Total Workers	33,550	100.0
Worked in Place of residence	14,359	42.8
Worked in County of residence	22,344	66.6
Worked outside Place of residence	19,191	57.2
Worked outside County of residence	11,206	33.4
Mean travel time to work (minutes)	23.7	

Source: 2012 to 2016 American Community Survey; T Ronald Brown: Research & Analysis

Census data for commuting patterns for persons who live and/or work in York County area are illustrated, below.

Here it is seen that very many persons who work in York County commute into the County from Mecklenburg County, North Carolina. Significant numbers also commute from, for example, Lancaster and Chester Counties, and elsewhere. Likewise, many residents of York County commute to work in Mecklenburg County.

Table 6 - Commuting Patterns

<u>Place of work</u>	<u>Place of Residence</u>	<u>Workers</u>
York County	York County	63,698
York County	Mecklenburg County, NC	10,564
York County	Lancaster County	3,319
York County	Chester County	3,308
York County	Gaston County, NC	2,253
York County	Union County, NC	1,246
Mecklenburg County, NC	York County	31,872
Gaston County, NC	York County	2,289
Chester County	York County	1,595
Lancaster County	York County	1,417

Source: US County to County Commuting Flows; T.Ronald Brown: Research & Analysis

E. COMMUNITY DEMOGRAPHIC DATA

POPULATION TRENDS AND PROJECTIONS

In 2000, the population of York County was 164,614, and in 2010 the population was recorded as 226,073. Population projections for York County are provided by the South Carolina State Data Center. Based on these data, the population of the county is projected to be 261,630 by 2017, and to be 277,300 by 2020.

Population projections for the project market area are based on the average of several small area population projection techniques using census tract level trends for 2000 to 2010, corrected for the county projections. The projection is that in 2017 the project market area will have a population of around 121,953 and around 126,101 in 2020.

Information on population trends and changes between 2000 and 2020 are set out in Table 7, below.

Table 7 - Population Trends

	Rock Hill	Market Area	York County
2000	49,765	88,029	164,614
2010	66,154	111,223	226,073
2017	n/a	121,953	261,630
2020	n/a	126,101	277,300
absolute change			
2000-2010	16,389	23,194	61,459
2010-2017	n/a	10,730	35,557
2017-2020	n/a	4,148	15,670
annual change			
2000-2010	1,639	2,319	6,146
2010-2017	n/a	1,533	5,080
2017-2020	n/a	1,383	5,223

Source: 2000 Census and 2010 Census; SC State Data Center; T Ronald Brown: Research & Analysis

AGE

The distribution of the population, by age, for Rock Hill, the Rock Hill market area, and for York County are set out in Table 8, below. These data are from the 2010 Census. Here it is seen that the median age of the population of Rock Hill was recorded as 31.9 years, with that for York County being 37.2 years.

Table 8 - Age Distribution

	Rock Hill		Market Area		York County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
Under 5 years	4,902	7.4	7,576	6.8	15,534	6.9
5 to 9 years	4,424	6.7	7,315	6.6	16,228	7.2
10 to 14 years	4,185	6.3	7,351	6.6	16,341	7.2
15 to 19 years	5,365	8.1	8,304	7.5	16,108	7.1
20 to 24 years	6,979	10.5	9,186	8.3	14,251	6.3
25 to 29 years	5,348	8.1	7,647	6.9	13,421	5.9
30 to 34 years	4,656	7.0	7,272	6.5	14,306	6.3
35 to 39 years	4,535	6.9	7,561	6.8	16,544	7.3
40 to 44 years	4,310	6.5	7,603	6.8	17,139	7.6
45 to 49 years	4,178	6.3	7,983	7.2	17,691	7.8
50 to 54 years	3,957	6.0	7,699	6.9	16,338	7.2
55 to 59 years	3,490	5.3	6,873	6.2	14,129	6.2
60 to 64 years	2,939	4.4	5,976	5.4	12,417	5.5
65 to 69 years	2,076	3.1	4,236	3.8	8,969	4.0
70 to 74 years	1,475	2.2	3,028	2.7	6,281	2.8
75 to 79 years	1,183	1.8	2,269	2.0	4,519	2.0
80 to 84 years	987	1.5	1,681	1.5	3,085	1.4
85 years and over	1,165	1.8	1,663	1.5	2,772	1.2
55 and older	13,315	20.1	25,726	23.1	52,172	23.1
65 and older	6,886	10.4	12,877	11.6	25,626	11.3
median	31.9		n/a		37.2	

Source: 2010 Census; T Ronald Brown: Research & Analysis

HOUSEHOLD TRENDS AND PROJECTIONS

Projections of the number of households for Rock Hill, the project market area, and for York County are set out in Table 9, below. These projections are based on the population projections set out, above.

The projection is that in 2017 the project market area will have around 47,865 households, and around 49,808 in 2020. In 2000, there were 42,991 households in the market area.

Table 9 - Household Trends

	Rock Hill	Market Area	York County
2000	18,750	32,718	61,051
2010	25,966	42,991	85,864
2017	n/a	47,865	100,681
2020	n/a	49,808	107,295
absolute change			
2000-2010	7,216	10,273	24,813
2010-2017	n/a	4,874	14,817
2017-2020	n/a	1,943	6,614
annual change			
2000-2010	722	1,027	2,481
2010-2017	n/a	696	2,117
2017-2020	n/a	648	2,205

Source: 2000 Census and 2010 Census; T Ronald Brown: Research & Analysis

POPULATION AND HOUSEHOLD TRENDS AND PROJECTIONS, BY AGE

Population projections by age at the county level are available from the South Carolina State Data Center. Based on these, the population of York County aged 55 and older is projected to be around 70,730 in 2017, and 79,270 by 2020. The number of older households is projected to increase from 43,309 to 48,539 over this period.

In 2010, there were a total of 25,726 persons aged 55 years or older in the project market area. By 2017, it is projected (on the basis of survivorship rates and the County projection) that there will be 34,500 elderly persons in 21,374 households in the market area. The corresponding figures for 2020 are 38,079 persons and 23,591 elderly households.

In 2010 there were 3,318 elderly renter households in the market area - 21.0 percent of all older households. Based on 2000 to 2010 tenure trends (by age), this suggests around 4,422 and 4,868 older renter households in 2017 and 2020, respectively.

Table 10 - Population and Households, by age

Market Area			
	<u>Population</u>	<u>H'holds</u>	<u>Renters</u>
2000	16,625	8,227	1,728
2010	25,726	15,938	3,318
2017	34,500	21,374	4,422
2020	38,079	23,591	4,868
York County			
	<u>Population</u>	<u>H'holds</u>	<u>Renters</u>
2000	31,690	16,342	2,917
2010	52,172	31,946	5,495
2017	70,730	43,309	7,259
2020	79,270	48,539	8,046

Source: 2010 Census; SC State Data Center; T Ronald Brown: Research & Analysis

TENURE

Table 11, below, sets out the number and proportion of owner and renter households for Rock Hill, the project market area, and for York County. In the years beyond 2010, the tenure proportions are based on 2000 to 2010 trends. In 2010, 34.9 percent of households in the market area were renters, compared with 46.7 percent for Rock Hill, and 27.7 percent for York County.

Table 11 - Tenure

Rock Hill				persons per	Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	
2000	49,765	18,750	2.65	10,008	53.4	8,742	46.6	
2010	66,154	25,966	2.55	13,844	53.3	12,122	46.7	
2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
2020	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Market Area				persons per	Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	
2000	88,029	32,718	2.69	21,948	67.1	10,770	32.9	
2010	111,223	42,991	2.59	27,980	65.1	15,011	34.9	
2017	121,953	47,865	2.55	30,448	63.6	17,417	36.4	
2020	126,101	49,808	2.53	31,361	63.0	18,447	37.0	
York County				persons per	Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	
2000	164,614	61,051	2.70	44,629	73.1	16,422	26.9	
2010	226,073	85,864	2.63	62,119	72.3	23,745	27.7	
2017	261,630	100,681	2.60	72,293	71.8	28,388	28.2	
2020	277,300	107,295	2.58	76,790	71.6	30,505	28.4	

Source: 2000 Census and 2010 Census; T Ronald Brown: Research & Analysis

TENURE, BY AGE

Table 12, below, sets out the number of owner and renter households, by age of household head for older households in Rock Hill, the market area, and York County. From this table it can be seen that, for example, 3,318 out of 15,938 households headed by a person 55 years or older in the market area are renters (20.8 percent). The corresponding proportion for York County was 17.2 percent.

Table 12 - Tenure, by Age

	Households	Owner-occupied		Renter-occupied	
		<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
Rock Hill					
55 to 64 years	3,990	2,674	67.0	1,316	33.0
65 to 74 years	2,343	1,705	72.8	638	27.2
75 to 84 years	1,513	1,091	72.1	422	27.9
85 years and older	727	410	56.4	317	43.6
total, 55 and older	8,573	5,880	68.6	2,693	31.4
total, 65 and older	4,583	3,206	70.0	1,377	30.0
Market Area					
55 to 64 years	7,647	5,977	78.2	1,670	21.8
65 to 74 years	4,634	3,827	82.6	807	17.4
75 to 84 years	2,638	2,140	81.1	498	18.9
85 years and older	1,019	676	66.3	343	33.7
total, 55 and older	15,938	12,620	79.2	3,318	20.8
total, 65 and older	8,291	6,643	80.1	1,648	19.9
York County					
55 to 64 years	15,597	12,759	81.8	2,838	18.2
65 to 74 years	9,587	8,186	85.4	1,401	14.6
75 to 84 years	5,079	4,284	84.3	795	15.7
85 years and older	1,683	1,222	72.6	461	27.4
total, 55 and older	31,946	26,451	82.8	5,495	17.2
total, 65 and older	16,349	13,692	83.7	2,657	16.3

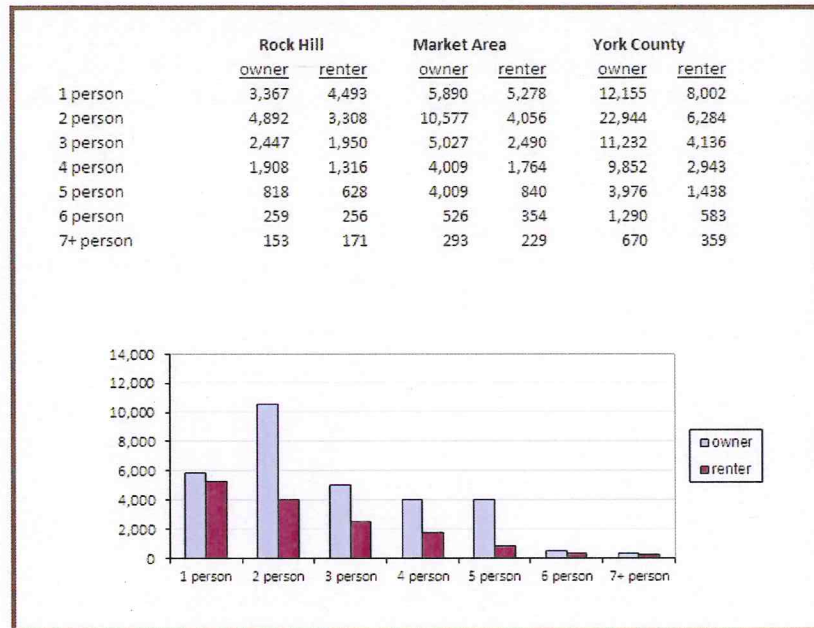
Source: 2010 Census; T Ronald Brown: Research & Analysis

HOUSEHOLD SIZE

Table 13 below, sets out household size, by tenure, for households in Rock Hill, the project market area, and York County.

The distribution of household sizes, by tenure, for the market area is also illustrated.

Table 13 - Household Size, by Tenure



Source: 2010 Census; T Ronald Brown: Research & Analysis

HOUSEHOLD INCOME

The distribution of household incomes for Rock Hill, the market area, and for York County are set out in Table 14, below. These figures are taken from the 2012 to 2016 American Community Survey, and as such are subject to the limitations imposed by this source.

Here, it is seen that the median household income in Rock Hill was \$41,291, and that for York County as a whole was seen to be \$56,482.

Table 14 - Household Income

	Rock Hill		Market area		York County	
	number	percent	number	percent	number	percent
less than \$10,000	2,807	10.2	3592	8.0	5,782	6.3
\$10,000 to \$14,999	2,031	7.4	2,903	6.4	4,977	5.4
\$15,000 to \$19,999	1,440	5.2	2,068	4.6	4,159	4.5
\$20,000 to \$24,999	1,811	6.6	2,425	5.4	4,100	4.5
\$25,000 to \$29,999	1,731	6.3	2,622	5.8	4,100	4.5
\$30,000 to \$34,999	1,880	6.8	3,091	6.9	5,018	5.5
\$35,000 to \$39,999	1,759	6.4	2,406	5.3	4,271	4.6
\$40,000 to \$44,999	1,188	4.3	2,017	4.5	3,945	4.3
\$45,000 to \$49,999	1,267	4.6	2,261	5.0	4,374	4.8
\$50,000 to \$59,999	2,406	8.7	3,826	8.5	7,335	8.0
\$60,000 to \$74,999	2,302	8.3	4,015	8.9	9,210	10.0
\$75,000 to \$99,999	2,846	10.3	5,400	12.0	11,747	12.8
\$100,000 to \$124,999	1,723	6.2	3,571	7.9	8,623	9.4
\$125,000 to \$149,999	989	3.6	1,808	4.0	4,833	5.3
\$150,000 to \$199,999	855	3.1	1,633	3.6	4,986	5.4
\$200,000 or more	572	2.1	1,390	3.1	4,428	4.8
median income	\$41,291		n/a		\$ 56,482	

Source: 2012 to 2016 American Community Survey; T Ronald Brown: Research & Analysis

HOUSEHOLD INCOME, BY AGE

The distribution of household incomes for persons aged 65 years and older in Rock Hill, the market area, and York County are set out in Table 15, below. Again, these figures are taken from the 2010 to 2014 American Community Survey, and as such are subject to the limitations imposed by this source.

The median household income for older households in Rock Hill was \$35,431, and that for York County was \$39,591.

Table 15 - Household Income, by Age

	Rock Hill		Market area		York County	
	number	percent	number	percent	number	percent
less than \$10,000	444	7.9	676	6.7	1,234	6.3
\$10,000 to \$14,999	567	10.1	998	9.8	1,865	9.5
\$15,000 to \$19,999	430	7.7	721	7.1	1,346	6.8
\$20,000 to \$24,999	493	8.8	712	7.0	1,353	6.9
\$25,000 to \$29,999	362	6.5	716	7.1	1,364	6.9
\$30,000 to \$34,999	464	8.3	878	8.6	1,469	7.5
\$35,000 to \$39,999	438	7.8	731	7.2	1,311	6.7
\$40,000 to \$44,999	269	4.8	441	4.3	1,050	5.3
\$45,000 to \$49,999	245	4.4	562	5.5	1,060	5.4
\$50,000 to \$59,999	365	6.5	691	6.8	1,480	7.5
\$60,000 to \$74,999	443	7.9	929	9.1	1,719	8.7
\$75,000 to \$99,999	462	8.2	841	8.3	1,678	8.5
\$100,000 to \$124,999	232	4.1	470	4.6	1,003	5.1
\$125,000 to \$149,999	130	2.3	319	3.1	707	3.6
\$150,000 to \$199,999	181	3.2	345	3.4	626	3.2
\$200,000 or more	77	1.4	124	1.2	403	2.0
median income	\$ 35,341		n/a		\$39,591	

Source: 2012 to 2016 American Community Survey; T Ronald Brown: Research & Analysis

RENTER HOUSEHOLD INCOME

The distribution of household incomes for renter households for Rock Hill, the market area, and York County set out in Table 16, below. These figures are also taken from the 2012 to 2016 American Community Survey.

Table 16 - Household Income, Renter Households

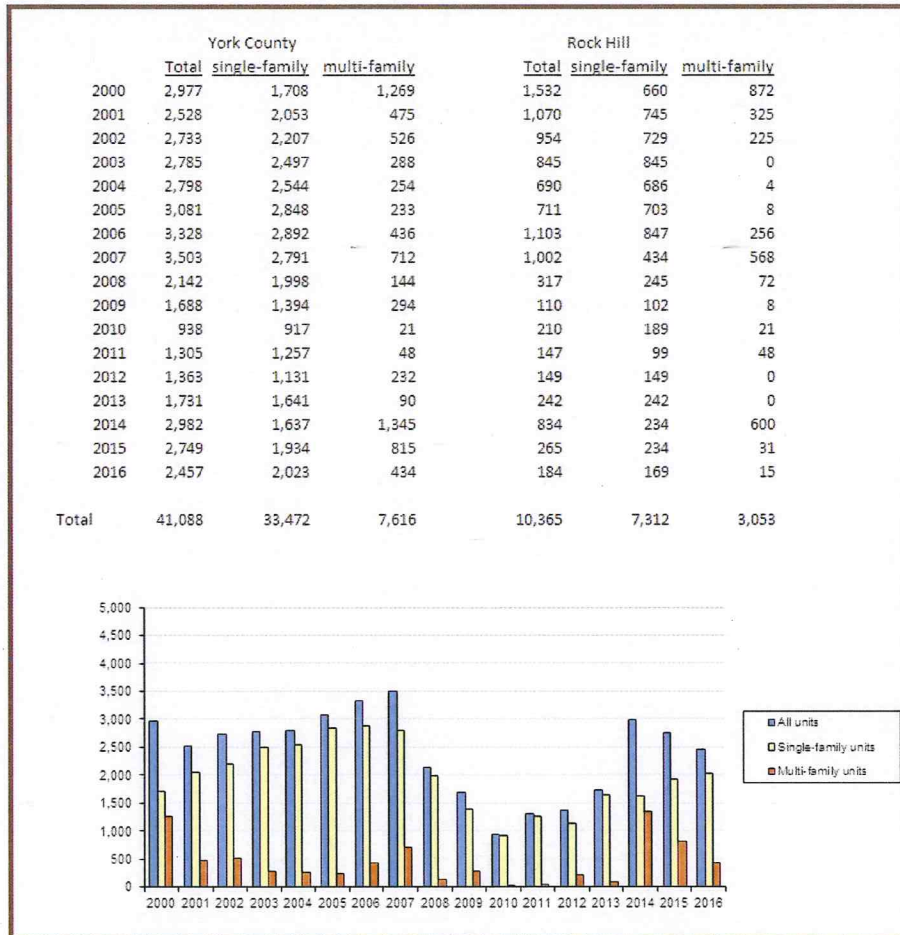
	Rock Hill		Market area		York County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	2,299	25.6	2,670	15.7	3,806	23.8
\$10,000 to \$19,999	2,353	26.2	2,946	17.4	4,608	28.9
\$20,000 to \$34,999	1,733	19.3	4,548	26.8	2,844	17.8
\$35,000 to \$49,999	850	9.5	2,494	14.7	1,227	7.7
\$50,000 to \$74,999	878	9.8	2,404	14.2	1,181	7.4
\$75,000 to \$99,999	841	9.4	995	5.9	2,099	13.1
\$100,000 or more	26	0.3	914	5.4	197	1.2

Source: 2012 to 2016 American Community Survey; T Ronald Brown: Research & Analysis

RESIDENTIAL CONSTRUCTION SINCE 2000

Table 17 below gives details of residential construction in York County since 2000. Where the data exist, it can be seen that a total of 41,088 units were added in York County, with 10,365 added in Rock Hill. No data are available for the market area.

Table 17 - Residential Construction Since 2000



Source: Current Construction Reports, C-40; Bureau of the Census; T Ronald Brown: Research & Analysis

F. PROJECT SPECIFIC DEMAND ANALYSIS

The market for the proposed apartments is derived from two principal sources: the population and household growth market, and from existing households currently living in the area who could move to the project were it to be made available. With respect to the latter, separate consideration is given to market area renter households and market area owner-occupied households.

It is understood that the proposed complex will provide two-bedroom units, and will rent to older adults—defined here as those aged 55 years and older.

INCOME RESTRICTIONS

Income is a key variable in the analysis of housing markets. Of the 50 units proposed, ten units will be targeted at 50 percent of the local area median income, and 40 units will be at 60 percent of the median, and therefore qualify the apartments for low income housing tax credit status.

The income limits for York County (the Charlotte-Concord-Gastonia, MSA) are set out below, along with maximum housing expenses. The maximum housing expenses for the proposed units are based on the above income limits and assume an average 1.5 persons per household and that renters will pay no more than 30 percent of their incomes on housing expenses (rent plus utilities).

Table 18 - Income Limits and Maximum Housing Expenses

Income Limits		
	<u>50 percent</u>	<u>60 percent</u>
1 person	\$24,750	\$29,700
2 person	\$28,300	\$33,960
3 person	\$31,850	\$38,220
Maximum Housing Costs		
	<u>50 percent</u>	<u>60 percent</u>
1 bedroom	\$595	\$727
2 bedroom	\$709	\$868

Source: HUD

AFFORDABILITY

Information as to rents and income targeting, and qualifying income ranges are set out in Table 19, below

Table 19 - Rents and Income Targeting

Income targeting			
	<u>50 percent</u>	<u>60 percent</u>	<u>total</u>
1 bedroom	0	0	0
2 bedroom	10	40	50
total	10	40	50
proposed rents			
	<u>50 percent</u>	<u>60 percent</u>	
1 bedroom	\$535	\$535	
2 bedroom	\$635	\$635	
proposed rents as a proportion (%) of maximum			
	<u>50 percent</u>	<u>60 percent</u>	
1 bedroom	89.9	73.5	
2 bedroom	89.5	73.1	

Source: Applicant; T Ronald Brown: Research & Analysis

The utility allowance for the proposed development is \$87 for two-bedroom units.

From the table above, it can be seen that housing expenses at the proposed apartments fall between 71 and 90 percent of the maximum - which is considered affordable.

Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits. There is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that tenants will pay no more than 40 percent of their income on housing costs (rent and utilities). The upper limits are a function of household size - based on a standard of one and one-half persons per bedroom, except for the two-bedroom units which based on two-person households, as stipulated by the SC SHF&DA market study guidelines. Calculations for one- bedroom units are based on the rent level for the proposed two-bedroom units relative to the maximum allowable.

Table 20 - Qualifying Income Ranges

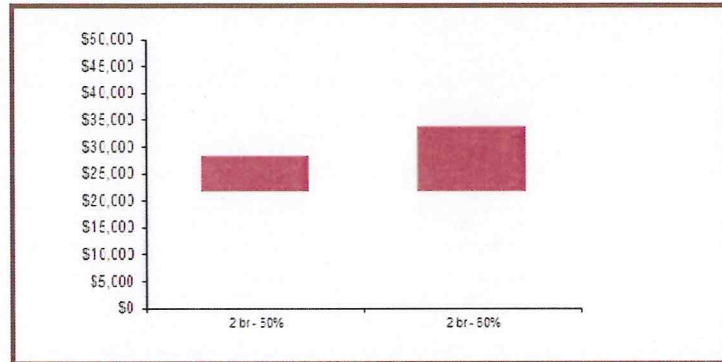
	<u>50 percent</u>	
	lower	upper
1 bedroom	\$18,090	\$26,525
2 bedroom	\$21,660	\$28,300

	<u>60 percent</u>	
	lower	upper
1 bedroom	\$18,090	\$31,830
2 bedroom	\$21,660	\$33,960

Source: Applicant; T Ronald Brown: Research & Analysis

The previous table and the graph below show that there is a significant overlap between the qualifying income ranges at the 50 percent and 60 percent levels - which reflects the fact that the rents at these two target levels are the same - which will enhance marketability. Consequently, demand calculations need to address this.

It should be noted that the target income ranges for the two-bedroom units are somewhat compressed because two-person households are to be used for the upper income limit (and 1.5 persons for one-bedroom units) - as per market study guidelines.



The major variables to be examined are age, tenure, and income. These data are no longer available from the Decennial Census. Nonetheless, data can be extrapolated from the most recent American Community Survey - again, subject the limitations of those data. These data, for the population aged 55 and older, for the market area for the proposed complex, are set out below.

Table 21 - Household Income, Older Renter Households

Income	All Older Owners		All Older Renters		Overburdened Renters	
	Number	Percentage	Number	Percentage	Number	Percentage
Up to \$10,000	884	5.2	629	14.2	455	23.0
\$10,000 - \$19,999	2,255	13.3	1,354	30.6	705	35.5
\$20,000 - \$34,999	3,095	18.3	1,121	25.4	560	28.3
\$35,000 - \$50,000	2,940	17.3	524	11.8	153	7.7
\$50,000 - \$75,000	3,153	18.6	386	8.7	83	4.2
\$75,000 - \$100,000	1,950	11.5	85	1.9	26	1.3
\$100,000 and over	2,675	15.8	323	7.3	0	0.0

Source: 2012 to 2016 American Community Survey; T.Ronald Brown: Research & Analysis

As noted, these data are necessarily from the American Community Survey and are based on the 5-year average for the period from 2012 to 2016 - and not for a specific year.

From this table it can be seen that 14.2 percent of the market area older renter households have incomes less than \$10,000 and a further 30.6 percent have incomes between \$10,000 and \$20,000. Around 45 percent of older renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups. With respect to the latter, units targeted to households with incomes below \$20,000, for example, will exhibit higher numbers with respect to rent-overburdening than those with higher qualifying incomes.

Based on the income ranges set out in Table 20 and the income distribution set out in Table 21, it is found that around 14.0 percent of older households qualify at 50 percent of the median, and that 23.3 percent of those qualify at the 60 percent level.

NEW HOUSEHOLDS

Projections of need and demand are based upon a 2017 to 2020 projection period and the resulting calculations are corrected to account for any construction of comparable projects and/or planned comparable units.

With respect to household growth of older households, the projections of the older population and households for the project market area show that the number of elderly persons (55 years and older) was projected to increase from 34,500 in 2017 to 38,079 in 2020. Likewise, the number of older households was projected to increase from 21,374 to 23,591.

The number of elderly renters is projected to increase by 446 between 2017 and 2020 (from 4,422 to 4,868 households). Based on the distribution of elderly renter household incomes there are 104 new elderly renters who qualify for the proposed development: with 63 qualifying at 50 percent of the median, and 104 qualifying at 60 percent of the median. Here, given that the rents are the same for the same unit type at 50 and 60 percent of the median, all units that qualify at the 50 percent level also qualify at 60 percent.

EXISTING HOUSEHOLDS

Again, the market for the proposed apartments comprises not only demand from population and household growth, but also from existing older households—both homeowners and renters—who would move to the new apartments were they made available. The extent to which any new development is able to attract a certain share of this market is largely a factor of several interrelated factors. These include the location of the development; the amenities it offers, the quality of design and the effectiveness of the development's marketing and management. That is, the perceived value of the community in terms of price, convenience, and life-style.

Our calculations show that there will be a total of 1,135 older renter households in the qualifying income ranges in the project market area. This figure has to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, that 50.3 percent of renters that qualify at 50 percent of the median are rent-overburdened, and that 50.2 percent of those that qualify at the 60 percent level, are rent-overburdened, respectively. Here, these proportions are applied to the number of income eligible existing older renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. This substandard housing component is based on an annual average rate of 0.9 percent of the rental housing stock. This rate is based on data from the HUD American Housing Survey publication "Components of Inventory Change:2007-2009" published in May 2011. Based on the number of rental units in the market area occupied by income-eligible elderly tenants, this translates to an additional 34 units, overall.

Our calculations show that there will be a total of 2,987 older owner-occupied households in the qualifying income ranges in the market area. With respect to the existing elderly homeowners it is realistically assumed that perhaps 5 percent would consider moving to the proposed apartments. Thus, a total of 149 older homeowners might consider moving. It should be noted that the SC SHF&DA market study guidelines restrict this source of demand to no more than 20 percent of the total.

DEMAND SUMMARY

Following this approach, the demand calculations are set out below. Here, there is seen to be a total demand for 858 elderly units.

These figures are based on a 2017 to 2020 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area. No directly comparable projects have been added in the project market area over the projection period, nor have any been funded or are under construction. The net need is therefore for 858 units

Based on this approach, the demand calculations are summarized as follows:

Table 22 - Demand Calculations

	50 percent	60 percent	Total*
(i) income eligible new renter households	63	104	104
(ii) income eligible existing renter households	684	1,135	1,135
(iii) existing renter households, likely to move	344	570	570
(iv) renters in obsolete housing	21	34	34
(v) income eligible existing owner households	428	708	2,987
(vi) existing owner households, likely to move	87	149	149
Total demand (i)+(iii)+(iv)+(vi)	515	858	858
Supply	0	0	0
Net demand	515	858	858
* Excluding gap/overlap note: totals may not add due to rounding			

Source: T.Ronald Brown: Research & Analysis

CAPTURE RATES

Given the calculated need, the proposed 50-unit development amounts to 5.8 percent of the total net need. The capture rate, by bedroom, is determined to be 11.7 percent for the 50 two-bedroom units.

The ten two-bedroom units at 50 percent of the median amount to 3.9 percent of demand at that target level, and the 40 two-bedroom units targeted at the 60 percent level amount to around 9.3 percent of demand at that level.

Table 23 - Capture Rates

	<u>50 percent</u>	<u>60 percent</u>	<u>Total*</u>
Total demand			
1 bedroom	257	429	429
2 bedroom	257	429	429
Total	515	858	858
Supply			
1 bedroom	0	0	0
2 bedroom	0	0	0
Total	0	0	0
Net demand			
1 bedroom	257	429	429
2 bedroom	257	429	429
Total	515	858	858
Units proposed			
1 bedroom	0	0	0
2 bedroom	10	40	50
Total	10	40	50
Capture rates			
1 bedroom	0.0%	0.0%	0.0%
2 bedroom	3.9%	9.3%	11.7%
Total	1.9%	4.7%	5.8%

Source: T. Ronald Brown: Research & Analysis

The capture rates presented above are considered to be very reasonable. This reflects the size of the project, the fact that the units are targeted at two income ranges, and that the rents are set to be affordable/below the maximum allowable.

ABSORPTION RATES

Were the project to be developed as proposed, it would expect to experience a lease-up period, of up to four-to-six months, or so.

G. EXISTING RENTAL UNITS

There are many apartment complexes located in the Rock Hill area - with several designated for the elderly. The latter include three HUD-subsidized properties and two tax credit financed developments. There are no market rate apartments for seniors in the area (although there are some high-end retirement communities, which are not comparable to the proposed development).

The older of the two tax credit developments is also the largest - the 116-unit Courtyard at Highland Park mill rehabilitation. The property opened in 2005 - with the expectation that it would be fully rent-assisted. It is our understanding that the value, supply, and administration of the rental assistance units has been such that currently full assistance is only available for 84 units. Under this scenario, occupancy has fluctuated over the property's history. As noted in the SC SHF&DA public analysis table (see below), occupancy has ranged between 82 and 100 percent. Average occupancy for the project over the period covered by the analysis is found to be 92 percent. Currently, it is reported that three units are vacant - that is, 97 percent occupancy. This level is considered good for a property that is predominantly rent-assisted, with a not insignificant number (in absolute terms) of unassisted units.

The other tax credit complex in the area that is designated for seniors is Manor York. This is a 72-unit property - with all 72 units being two-bedroom models. Rents range from \$649 to \$808 for the tax credit units - with the 15 market rate/non tax credit units renting for \$875. The project is reported to be fully occupied at present - and remains so on an ongoing basis. There is a waiting long list.

Farrow Place is a 45-unit HUD Section 8 complex that opened in 1990. This property has one vacant unit at present - but stays effectively fully occupied (with a waiting list).

Green Street Plaza is a 51-unit HUD Section 8 property for seniors. It opened in 1997. Again, this complex is reported to be fully occupied, and is typically full, with a waiting list.

Willowbrook Crossing is a 49-unit HUD Section 202 property that opened in 2002. All the project's units have one bedroom. There are no vacancies at this location, and it is reported to maintain a 100 percent occupancy level, with a waiting list.

Of the 333 apartments in the market area that are designated for seniors, occupancy is found to amount to 98.8 percent. The occupancy at the two tax credit properties for seniors is seen to be 98.4 percent. Of the 145 units at the three HUD-subsidized properties, there is seen to be one vacancy - a 99.3 percent occupancy rate.

The South Carolina State Housing Finance and Development Authority published occupancy levels in the tax credit inventory for June and December of each calendar year, up to 2016. These data, from June 2006 for tax credit financed complexes is set out, below. Here it is seen that average occupancy for these properties has been reported to vary between 92 to 97 percent level over this period - or around 96 percent, overall.

	Courtyard at Highland Park 116 units		Manor York Senior 72 units	
	occupied	occupancy	occupied	occupancy
June 2006				
December 2006				
June 2007				
December 2007				
June 2008	113	97.4%		
December 2008	116	100.0%		
June 2009	114	98.3%		
December 2009	109	94.0%		
June 2010	104	89.7%	68	94.4%
December 2010	104	89.7%	68	94.4%
June 2011	102	87.9%	70	97.2%
December 2011	103	88.8%	66	91.7%
June 2012	108	93.1%	71	98.6%
December 2012	102	87.9%	69	95.8%
June 2013	103	88.8%	72	100.0%
December 2013	95	81.9%	72	100.0%
June 2014	107	92.2%	70	97.2%
December 2014	110	94.8%	71	98.6%
June 2015	107	92.2%	70	97.2%
December 2015	110	94.8%	71	98.6%

The potentially comparable developments are summarized as follows:

Complex name	Financing	Year built	Total units	Vacant units	Occupancy (%)
Courtyard at Highland Park	LIHTC	2005	116	3	97.4
Farrow Place	HUD § 8	1990	45	1	97.8
Green Street Plaza	HUD § 8	1997	51	0	100.0
Manor York	LIHTC	2009	72	0	100.0
Willowbrook Crossing	HUD § 202/PRAC	2002	49	0	100.0

Subject	0 br/1ba			1 br/1ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Courtyard at Highland Park				94	800	\$598
Farrow Place	12	475	boi	33	500	boi
Green Street Plaza				51	n/a	boi
Manor York						
Willowbrook Crossing				49	n/a	boi

Subject	2 br/1-1½ ba			2 br/2 ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Courtyard at Highland Park	22	1,100	\$659	50	1,001	\$635
Farrow Place						
Green Street Plaza						
Manor York				72	975	\$649-808, \$875
Willowbrook Crossing						

As noted, there are no market rate apartment developments for the elderly in the Rock Hill market area. Thus, it is necessary and appropriate to identify a sample of local family/non-elderly properties to be used in this analysis. Information for the two-bedroom units at these properties are summarized below. It should be noted that the rents quoted here do not include utilities.

Table 24 - Market Rate Properties

<u>Project</u>	<u>Year Built</u>	<u>Rent 2br</u>
Bradford Park	2008	\$950
Brookstone	2001	\$895-1,005
Cushendall Commons	2001	\$935-1,000
Legacy at Manchester Village	2008	\$950-1,484
Patriots Crossing	1996	\$915-925

Source: Apartment Managers; T Ronald Brown: Research & Analysis



Bradford Park



Brookstone



Cushendall Commons

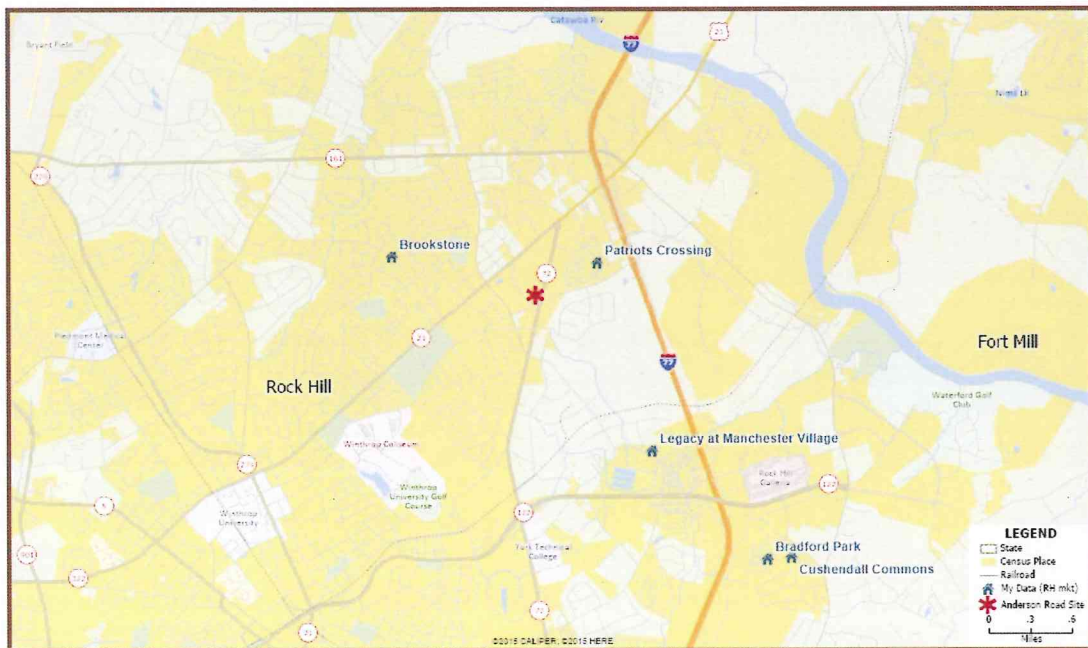


Legacy at Manchester Village



Patriots Crossing

A map showing the locations of these properties, relative to the site of the proposed apartments is provided, below.



The location, rent levels, unit size, age, features, and amenities were analyzed in order to try to establish an estimate of market rent levels for the subject property. Following this approach we have determined that, all things being equal, these market properties suggest a rent of around \$1,072 for a two-bedroom unit.

Based on the proposed rents at the proposed development, this rent is found to be significantly below the gross adjusted market rent (a 40.79 percent advantage).

Units	Bedroom Type	Gross		Gross		Tax Credit Gross Rent Advantage
		Proposed Tenant Paid Rent	Proposed Tenant Rent	Adjusted Market Rent	Adjusted Market Rent	
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
	2 BR		\$0		\$0	
10	2 BR	\$635	\$6,350	\$1,072	\$10,724	
40	2 BR	\$635	\$25,400	\$1,072	\$42,898	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
Totals		50	\$31,750		\$53,622	40.79%



Courtyard at Highland Park

Location: 923 Standard Street, Rock Hill
 Year built: 2005

Total units: 116
 Typical occupancy: 98%

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>
Units:	94	22
Unit size (sq. ft.):	800	1,100
Rent:	\$598*	\$659*
Rent/sq. ft.:	\$0.75*	\$0.60*
Vacant units: 3, overall		

Management: Landmark Property Management (Sam - 803.366.5252 [1/25])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gate Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher Washer/Dryer Washer/Dryer Hook-up
 Wood floor Fireplaces Patios/balconies

* tax credit
 Currently, 84 units are rent-assisted



Farrow Place

Location: 1098 Ebinport Road, Rock Hill
 Financing: HUD § 8
 Year built: 1990

Total units: 45, elderly
 Rental assistance
 Typical occupancy: 100% (waiting list)

	<u>0 br/1 ba</u>	<u>1 br/1 ba</u>
Units:	12	33
Unit size (sq. ft.):	475	500
Contract rent:	\$885	\$999
Vacant units: 1, overall		

Management: ManSerMar (Angel -803.328.8955 [1/11])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gate Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher Washer/Dryer Washer/Dryer Hook-up
 Wood floor Fireplaces Patios/balconies



Green Street Plaza

Location: 222 Green Street, Rock Hill
 Financing: HUD § 8
 Year built: 1997

Total units: 51, elderly
 Rental assistance
 Typical occupancy: 100 % (waiting list)

1 br/1 ba

Units: 51
 Unit size (sq. ft.): n/a
 Contract rent: \$528
 Vacant units: 0

Management: Community Management Corporation (Chastity - 803.366.2707 [1/10])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gate Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher Washer/Dryer Washer/Dryer Hook-up
 Wood floor Fireplaces Patios/balconies



Manor York

Location: 1122 Manor Close Drive, Rock Hill
 Year built: 2009

Total units: 72
 Typical occupancy: 100% (waiting list)

	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>
Units:	57	15
Unit size (sq. ft.):	975	975
Rent:	\$649-808*	\$875
Rent/sq. ft.:	\$0.75*	\$0.90
Vacant units:	0	

Management: Royal American Management (Yvonne -803.981.5900 [1/12])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gate Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher Washer/Dryer Washer/Dryer Hook-up
 Wood floor Fireplaces Patios/balconies

* Tax credit



Willowbrook Crossing

Location: 1170 Cardinal Point Dr., Rock Hill
 Financing: HUD § 202/PRAC
 Year built: 2002

Total units: 49, elderly
 Rental assistance
 Typical occupancy: 100 % (waiting list)

1 br/1 ba

Units: 49
 Unit size (sq. ft.): n/a
 Contract rent: \$507
 Vacant units: 0

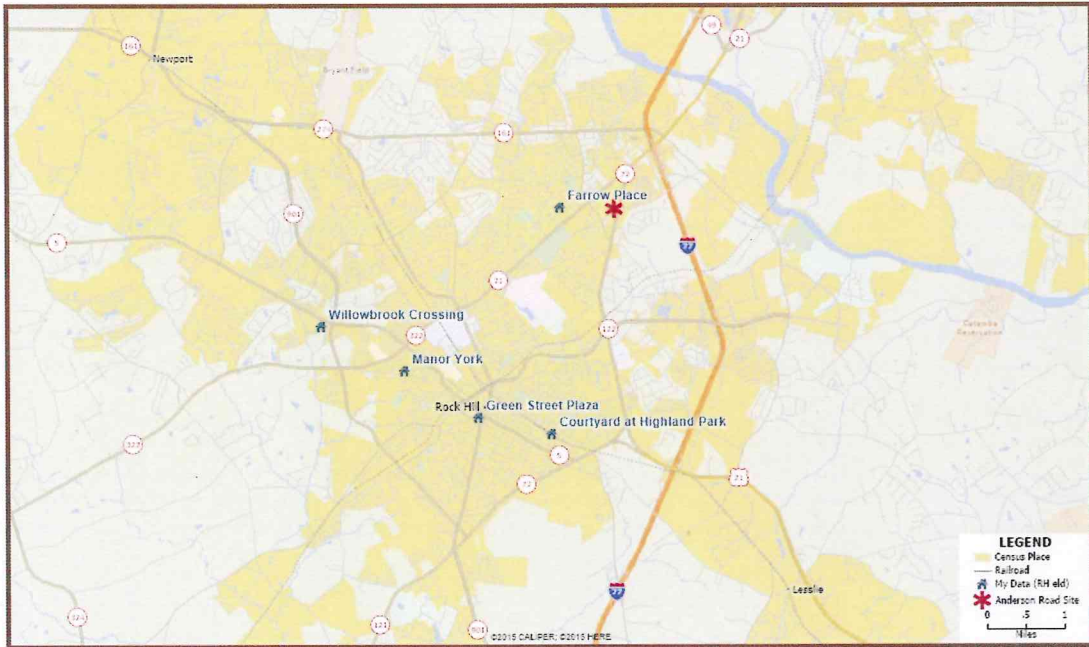
Management: National Church Residences (Adara - 803.980.4545 [2/5])
 Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gate Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher Washer/Dryer Washer/Dryer Hook-up
 Wood floor Fireplaces Patios/balconies

The locations of existing senior rental complexes - relative to the site of the proposed development - in Rock Hill are mapped, below.



H. INTERVIEWS

As part of the research for this market study, interviews were held with property managers, local government officials, and others with particular knowledge of the local housing market. The proposed development will offer an attractive, new, apartment complex - to be leased subject to the provisions of the Low Income Housing Tax Credit program. Property managers of existing complexes and/or other representatives of management companies were a potential source of information.

As noted, property managers are a major source of information for a project such as that proposed (their contact details are provided as part of the rental survey set out in the previous pages).

Yvonne, the manager at Manor York - the most comparable property to what is proposed - states that the market is definitely strong enough to support another tax credit development for seniors.

Angel, the manager at the Farrow Place HUD Section 8 property for seniors, notes that there probably is the need for another senior project - noting that she gets lots of calls. The manager at Green Street Plaza notes that there is probably more need for subsidized units for seniors. Adara, at Willowbrook Crossing confirmed that the area does need more affordable housing for seniors.

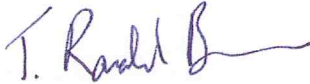
The Housing Authority of the City of Rock Hill have 500 Section 8/Housing Choice Vouchers - all of which are being used, and the waiting list for them is closed.

I. RECOMMENDATIONS

It is our recommendation that, based upon our analysis, the proposed apartments should be developed as proposed, and that the project should be awarded low income housing tax credits. This conclusion is based on our analysis of the economic and demographic criteria of the project market area as defined and on our project specific demand analysis and survey of the supply of rental housing in the market--as set out in the foregoing report and summarized in the Executive Summary.

J. SIGNED STATEMENT

I affirm that I have made a physical inspection of the market and surrounding area and the information obtained in the field has been used to determine the need and demand for Low Income Housing Tax Credit units. I understand that any misrepresentation of this statement may result in the denial of further participation in the South Carolina Housing Finance and Development Authority's programs. I also affirm that I have no financial interest in the project or current business relationship with the ownership entity and my compensation is not contingent on this project being funded. This report was written according to the SCSHFDA's market study requirements. The information included is accurate and can be relied upon by SCSHFDA to present a true assessment of the low income housing rental market.



Market Analyst

Date: February 8, 2018

ANALYST QUALIFICATIONS

T. Ronald Brown: Research & Analysis is a planning and economics consulting firm which provides real estate market analysis.

The President of the Cary firm is T. Ronald Brown. He has 30 years experience in the provision of market studies for subsidized and unsubsidized apartment developments and for-sale housing. Over the last two decades or so, Mr. Brown has produced more than ,500 studies in at least 20 states, predominantly in the Southeast.

Mr. Brown has a Honours Master of Arts degree in Geographical Studies from the University of St. Andrews in St. Andrews, Scotland.

The firm has primary experience in market analysis for residential projects including both single-family homes and multi-family units (for sale and for rent). A significant proportion of the firm's business focuses on apartment market studies—for family renters and for elderly persons. These reports include conventionally financed projects (including HUD 221 (d) (4) projects), affordable housing (including low income tax credit financed projects) and subsidized housing.

Clients include for-profit developers, non-profit developers and community development corporations, state housing finance agencies, syndicators, and municipalities.

MARKET STUDY TERMINOLOGY

Absorption period	The period of time necessary for a newly constructed or renovated property to achieve the <i>stabilized level of occupancy</i> . The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the <i>stabilized level of occupancy</i> has a signed lease. Assumes a typical pre-marketing period, prior to the issuance of the certificate of occupancy, of about three to six months. The month that leasing is assumed to begin should accompany all absorption estimates.
Absorption rate	The average number of units rented each month during the <i>absorption period</i> .
Acceptable <i>rent burden</i>	The rent-to-income ratio used to qualify tenants for both income-restricted and non-income restricted units. The acceptable rent burden varies depending on the requirements of funding sources, government funding sources, target markets, and local conditions.
Achievable Rents	See <i>Market Rent, Achievable Restricted Rent</i> .
Affordable housing	Housing affordable to low or very low-income tenants.
Amenity	Tangible or intangible benefits offered to a tenant. Typical amenities include on-site recreational facilities, planned programs, services and activities.
Annual demand	The total estimated demand present to the market in any one year for the type of units proposed.
Assisted housing	Housing where federal, state or other programs <i>subsidize</i> the monthly costs to the tenants.
Bias	A proclivity or preference, particularly one that inhibits or entirely prevents an impartial judgment.
Capture rate	The percentage of age, size, and income qualified renter households in the <i>primary market area</i> that the property must capture to fill the units. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, living in substandard housing, mover-ship and other comparable factors. The <i>Capture Rate</i> is calculated by dividing the total number of units at the property by the total number of age, size and income qualified renter households in the <i>primary market area</i> . See also: penetration rate.

Comparable property	A property that is representative of the rental housing choices of the subject's <i>primary market area</i> and that is similar in construction, size, amenities, location, and/or age. Comparable and <i>competitive</i> properties are generally used to derive market rent and to evaluate the subject's position in the market.
Competitive property	A property that is comparable to the subject and that competes at nearly the same rent levels and tenant profile, such as age, family or income.
Comprehensive Market Study	NCAHMA defines a comprehensive market study for the purposes of IRC Section 42 as a market study compliant with its Model Content Standards for Market Studies for Rental Housing. Additionally, use of the suggested wording in the NCAHMA certification without limitations regarding the comprehensive nature of the study, shows compliance with the IRC Section 42 request for completion of a market study by a 'disinterested party.'
Concession	Discount given to a prospective tenant to induce the tenant to sign a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or for free amenities, which are normally charged separately (i.e. washer/dryer, parking).
Demand	The total number of households in a defined market area that would potentially move into the proposed new or renovated housing units. These households must be the appropriate age, income, tenure and size for a specific proposed development. Components of demand vary and can included household growth; turnover, those living in substandard conditions, rent over-burdened households, and demolished housing units. Demand is project specific.
Effective rents	Contract rent less concessions.
Household trends	Changes in the number of households for a particular area over a specific period of time, which is a function of new household formations (e.g. at marriage or separation), changes in average household size, and net <i>migration</i> .
Income band	The range of incomes of households that can afford to pay a specific rent but do not have below any applicable program-specific maximum income limits. The minimum household income typically is based on a defined <i>acceptable rent burden</i> percentage and the maximum typically is pre-defined by specific program requirements or by general market parameters.
Infrastructure	Services and facilities including roads, highways, water, sewerage, emergency services, parks and recreation, etc. Infrastructure includes both public and private facilities.

Market advantage	The difference, expressed as a percentage, between the estimated market rent for an apartment property without income restrictions and the lesser of (a) the owner's proposed rents or (b) the maximum rents permitted by the financing program for the same apartment property. $(\text{market rent} - \text{proposed rent}) / \text{market rent} * 100$
Market analysis	A study of real estate market conditions for a specific type of property.
Market area	See <i>primary market area</i> .
Market demand	The total number of households in a defined market area that would potentially move into any new or renovated housing units. Market demand is not project specific and refers to the universe of tenure appropriate households, independent of income. The components of market demand are similar to those used in determining project-specific demand. A common example of market demand used by HUD's MAP program, which is based on three years of renter household growth, loss of existing units due to demolition, and market conditions.
Market rent	The rent that an apartment, without rent or income restrictions or rent subsidies, would command in the <i>primary market area</i> considering its location, features and amenities. Market rent should be adjusted for <i>concessions</i> and owner paid utilities included in the rent.
Market study	A comprehensive study of a specific proposal including a review of the housing market in a defined market area. Project specific market studies are often used by developers, syndicators, and government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what housing needs, if any, exist within a specific geography.
Marketability	The manner in which the subject fits into the market; the relative desirability of a property (for sale or lease) in comparison with similar or competing properties in the area.
Market vacancy rate, economic	Percentage of rent loss due to concessions, vacancies, and non-payment of rent on occupied units.
Market vacancy rate, physical	Average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same market, excluding units in properties which are in the lease-up stage.

Migration	The movement of households into or out of an area, especially a <i>primary market area</i> .
Mixed income property	An apartment property containing (1) both income restricted and unrestricted units or (2) units restricted at two or more income limits (i.e. low income tax credit property with income limits of 30%, 50% and 60%).
Mobility	The ease with which people move from one location to another.
Move-up demand	An estimate of how many consumers are able and willing to relocate to more expensive or desirable units. Examples: tenants who move from class-C properties to class-B properties, or tenants who move from older tax credit properties to newer tax credit properties.
Multi-family	Structures that contain more than two housing units.
Neighborhood	An area of a city or town with common demographic and economic features that distinguish it from adjoining areas.
Net rent (also referred to as contract rent or lease rent)	Gross rent less <i>tenant paid utilities</i> .
Penetration rate	<p>The percentage of age and income qualified renter households in the <i>primary market area</i> that all existing and proposed properties, to be completed within six months of the subject, and which are competitively priced to the subject that must be captured to achieve the <i>stabilized level of occupancy</i>. Funding agencies may require restrictions to the qualified Households used in the calculation including age, income, living in substandard housing, mover ship and other comparable factors.</p> <p>$\text{Units in all proposals} / \text{households in market} * 100$</p> <p>See also: capture rate.</p>
Pent-up demand	A market in which there is a scarcity of supply and vacancy rates are very low.
Population trends	Changes in population levels for a particular area over a specific period of time — which is a function of the level of births, deaths, and net <i>migration</i> .
Primary market area	A geographic area from which a property is expected to draw the majority of its residents.
Programmatic rents	See <i>restricted rents</i> .

Project based rent assistance	Rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.
Redevelopment	The redesign or rehabilitation of existing properties.
Rent burden	gross rent divided by adjusted monthly household income.
Rent burdened households	Households with <i>rent burden</i> above the level determined by the lender, investor, or public program to be an acceptable rent-to-income ratio.
Restricted rent	The rent charged under the restrictions of a specific housing program or subsidy.
Restricted rent, Achievable	The rents that the project can attain taking into account both market conditions and rent in the <i>primary market area</i> and income restrictions.
Saturation	The point at which there is no longer demand to support additional unit. Saturation usually refers to a particular segment of a specific market.
Secondary market area	The portion of a market that supplies additional support to an apartment property beyond that provided by the primary market area.
Special needs population	Specific market niche that is typically not catered to in a conventional apartment property. Examples of special needs populations include: substance abusers, visually impaired person or persons with mobility limitations.
Stabilized level of occupancy	The underwritten or actual number of occupied units that a property is expected to maintain after the initial rent-up period, expressed as a percentage of the total units.
Subsidy	Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's <i>contract rent</i> and the amount paid by the tenant toward rent.
Substandard conditions	Housing conditions that are conventionally considered unacceptable which may be defined in terms of lacking plumbing facilities, one or more major systems not functioning properly, or overcrowded conditions.
Target income band	The <i>income band</i> from which the subject property will draw tenants.
Target population	The market segment or segments a development will appeal or cater to. State agencies often use target population to refer to various income set asides, elderly v. family, etc.

Tenant paid utilities	The cost of utilities (not including cable, telephone, or internet) necessary for the habitation of a dwelling unit, which are paid by the tenant.
Turnover period	1. An estimate of the number of housing units in a market areas as a percentage of total housing units in the market area that will likely change occupants in any one year. See also: vacancy period. Housing units with new occupants / housing units * 100 2. The percent of occupants in a given apartment complex that move in one year.
Unmet housing need	New units required in the market area to accommodate household growth, homeless people, and housing in substandard conditions.
Unrestricted rents	Rents that are not subject to <i>restriction</i> .
Unrestricted units	Units that are not subject to any income or rent restrictions.
Vacancy period	The amount of time that an apartment remains vacant and available for rent.
Vacancy rate-economic vacancy rate - physical	Maximum potential revenue less actual rent revenue divided by maximum potential rent revenue. The number of total habitable units that are vacant divided by the total number of units in the property.

Other Terms

Area Median Income (AMI)	100% of the gross median household income for a specific Metropolitan Statistical Area, county or non-metropolitan area established annually by HUD.
Attached housing	Two or more dwelling units connected with party walls (e.g. townhouses or flats).
Basic Rent	The maximum monthly rent that tenants who do not have rental assistance pay to lease units developed through the USDA-RD Section 515 Program, the HUD Section 236 Program and HUD Section 223(d)(3) Below Market Interest Rate Program. The Basic Rent is calculated as the amount of rent required to operate the property, maintain debt service on a subsidized mortgage with a below-market interest rate, and provide a return on equity to the developer in accordance with the regulatory documents governing the property.

Below Market Interest Rate Program (BMIR)	Program targeted to renters with income not exceeding 80% or area median income by limiting rents based on HUD's BMIR Program requirements and through the provision of an interest reduction contract to subsidize the market interest rate to a below-market rate. Interest rates are typically subsidized to effective rates of one percent or three percent.
Census Tract	A small, relatively permanent statistical subdivision delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment. Census tracts average about 4,000 inhabitants.
Central Business District (CBD)	The center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.
Community Development Corporation (CDC)	Entrepreneurial institution combining public and private resources to aid in the development of socio-economically disadvantaged areas.
Condominium	A form of joint ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.
Contract Rent	1. The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease. (HUD & RD) 2. The monthly rent agreed to between a tenant and a landlord (Census).
Difficult Development Area (DDA)	an area designated by HUD as an area that has high construction, land, and utility costs relative to the Area Median Gross Income. A project located in a DDA and utilizing the Low Income Housing Tax Credit may qualify for up to 130% of eligible basis for the purpose of calculating the Tax Credit allocation.
Detached Housing	A freestanding dwelling unit, typically single-family, situated on its own lot.
Elderly or Senior Housing	Housing where (1) all the units in the property are restricted for occupancy by persons 62 years of age or older or (2) at least 80% of the units in each building are restricted for occupancy by Households where at least one Household member is 55 years of age or older and the housing is designed with amenities and facilities designed to meet the needs of senior citizens.
Extremely Low Income	Person or Household with income below 30% of Area Median Income adjusted for Household size.

Fair Market Rent (FMR)	The estimates established by HUD of the Gross rents (Contract rent plus Tenant Paid Utilities) needed to obtain modest rental units in acceptable condition in a specific county or metropolitan statistical area. HUD generally sets FMR so that 40% of the rental units have rents below FMR. In rental markets with a shortage of lower priced rental units HUD may approve the use of Fair Market Rents that are as high as the 50 th percentile of rents.
Garden Apartments	Apartments in low-rise buildings (typically two or four stories) that feature low density, ample open-space around buildings, and on-site parking.
Gross Rent	the monthly housing cost to a tenant which equals the Contract rent provided for in the lease plus the estimated cost of all Tenant Paid Utilities.
High-rise	A residential building having more than ten stories.
Household	One or more people who occupy a housing unit as their usual place of residence.
Housing Unit	House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.
Housing Choice Voucher (Section 8 Program)	Federal rent subsidy program under Section 8 of the U.S. Housing Act, which issues rent vouchers to eligible Households to use in the housing of their choice. The voucher payment subsidizes the difference between the Gross Rent and the tenant's contribution of 30% of adjusted income, (or 10% of gross income, whichever is greater). In cases where 30% of the tenants' income is less than the utility allowance, the tenant will receive an assistance payment. In other cases, the tenant is responsible for paying his share of the rent each month.
Housing Finance Agency (HFA)	State or local agencies responsible for financing housing and administering Assisted Housing programs.
HUD Section 8 Program	Federal program that provides project based rental assistance. Under the program HUD contracts directly with the owner for the payment of the difference between the Contract Rent and a specified percentage of tenants' adjusted income.
HUD Section 202 Program	Federal Program, which provides direct capital assistance (i.e. grant) and operating or rental assistance to finance housing designed for occupancy by elderly households who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization. Units receive HUD project based rental assistance that enables tenants to occupy units at rents based on 30% of tenant income.

HUD Section 811 Program	Federal program, which provides direct capital assistance and operating of rental assistance to finance housing designed for occupancy by persons with disabilities who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 510(c)(3) nonprofit organization.
HUD Section 236 Program	Federal program which provides interest reduction payments for loans which finance housing targeted to Households with income not exceeding 80% of area median income who pay rent equal to the greater of Basic Rent or 30 percent of th their adjusted income. All rents are capped at a HUD approved market rent.
Income Limits	Maximum Household income by county or Metropolitan Statistical Area, adjusted for Household size and expressed as a percentage of the Area Median Income for the purpose of establishing an upper limit for eligibility for a specific housing program. Income Limits for federal, state and local rental housing programs typically are established at 30%, 50%, 60% or 80% of AMI. HUD publishes Income Limits each year for 30% median. Very Low Income (50%), and Low-Income (80%), for households with 1 through 8 people.
Low Income	Person or Household with gross Household Income below 80% of Area Median Income adjusted for Household size.
Low Income Housing Tax Credit	A program to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code, as amended. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and that the rents on those units be restricted accordingly.
Low Rise Building	A building with one to three stories.
Metropolitan Area (MSA)	Statistical A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.
Mid-rise	A building with four to ten stories.

Moderate Income	Person or Household with gross household income between 80 and 120 percent of area median income adjusted for Household size.
Public Housing or Low Income Conventional Public Housing	HUD program administered by local (or regional) Housing Authorities which serves Low- and Very-Low Income Households with rent based on the same formula used for HUD Section 8 assistance.
Qualified Census Tract (QCT)	Any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50% of Households have an income less than 60% of area Median Income or where the poverty rate is at least 25%. A project located in a QCT and receiving Low Income Housing Tax Credits may qualify for up to 130% of the eligible basis for the purpose of calculating the Tax Credit allocation.
Rural Development (RD) Market Rent	A monthly rent that can be charged for an apartment under a specific USDA-RD housing program, that reflects the agency's estimate of the rent required to operate the property, maintain debt service on an unsubsidized mortgage and provide an adequate return to the property owner. This rent is the maximum rent that a tenant can pay at an RD Property.
Rural Development (RD) Program (Formerly the Farmers Home Administration Section 515 Rural Rental Housing Program)	Federal program which provides the low interest loans to finance housing which serves low- and moderate-income persons in rural areas who pay 30 percent of their adjusted income on rent or the basic rent, which is the higher (but not exceeding the market rent). The Program may include property based rental assistance and interest reduction contracts to write down the interest on the loan to as low as one percent.
Single-Family Housing	A dwelling unit, either attached or detached, designed for use by one Household and with the direct access to a street. It does not share heating facilities or other essential building facilities with any other dwelling.
State Data Center (SDC)	A state agency or university facility identified by the governor of each state to participate in the Census bureau's cooperative network for the dissemination of the census data.
Tenant	One who rents real property from another.
Tenure	The distinction between owner-occupied and renter-occupied housing units.
Townhouse (or Row House)	Single-family attached residence separated from another by party walls, usually on a narrow lot offering small front and back-yards; also called row house.
Very Low Income	Person or Household whose gross household income does not exceed 50% of Area Median Income adjusted for Household size.

Zoning

Classification and regulation of land by local governments according to use categories (zones); often also includes density designations.

2018 EXHIBIT S - 2 SCSHFDA PRIMARY MARKET AREA ANALYSIS SUMMARY:									
Development Name:		CATAWBA CROSSING				Total # Units: 50			
Location:		North Anderson Road, Rock Hill, SC				LIHTC Units: 50			
PMA Boundary:		South-east York County							
Development Type:		Family		Older Persons		✓		Farthest Boundary Distance to Subject: 13 miles	
RENTAL HOUSING STOCK (found on pages 43-62)									
Type	# Properties	Total Units	Vacant Units	Average Occupancy					
All Rental Housing	5	333	4	98.8%					
Market-Rate Housing									
Assisted/Subsidized Housing not to include LIHTC	3	145	1	99.3%					
LIHTC (All that are stabilized)*	2	158	3	98.4%					
Stabilized Comps**	2	188	3	98.4%					
Non-stabilized Comps				%					
* Stabilized occupancy of at least 93% (Excludes projects still in initial lease up).									
** Comps are those comparable to the subject and those that compete at nearly the same rent levels and tenant profile, such as age, family and income.									
Subject Development					Adjusted Market Rent			Highest Unadjusted Comp Rent	
# Units	# Bedrooms	Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage	Per Unit	Per SF
50	2	1 1/2	1,001	\$635	\$1,072	\$1.07	40.79%	\$1,484	1.48
Gross Potential Rent Monthly*				\$31,750	\$53,622		40.70%		
*Market Advantage is calculated using the following formula: (Gross Adjusted Market Rent (minus) Gross Proposed Tenant Rent) (divided by) Gross Adjusted Market Rent. The calculation should be expressed as a percentage and rounded to two decimal points. The Rent Calculation Excel Worksheet must be provided with the Exhibit S-2 form.									
DEMOGRAPHIC DATA (found on pages 30,42)									
	2010		2017		2020				
Renter Households (55 +)	3,318	20.8%	4,422	20.7%	4,868	20.6%			
Income-Qualified Renter HHs (LIHTC)	n/a	n/a	1,031	23.3%	1,135	23.3%			
Income-Qualified Renter HHs (MIR)	(if applicable)	%		%		%			
TARGETED INCOME-QUALIFIED RENTER HOUSEHOLD DEMAND (found on page 44)									
Type of Demand	50%	60%	Market-rate	Other: __	Other: __	Overall			
Renter Household Growth (55 +)	63	104				104			
Existing Households (Overburd + Substand)	365	604				604			
Homeowner conversion (Seniors)	87	149				149			
Other:									
Less Comparable/Competitive Supply	0	0							
Net Income-qualified Renter HHs	515	858				858			
CAPTURE RATES (found on page 45)									
Targeted Population	50%	60%	Market-rate	Other: __	Other: __	Overall			
Capture Rate (two-bedroom only)	3.9	9.3				11.7			
ABSORPTION RATE (found on page 46)									
4 - 6 months, or less									

The location, rent levels, unit size, age, features, and amenities were analyzed in order to try to establish an estimate of market rent levels for the subject property. Following this approach we have determined that, all things being equal, these market properties suggest a rent of around \$1,072 for a two-bedroom unit.

Based on the proposed rents at the proposed development, this rent is found to be significantly below the gross adjusted market rent (a 40.79 percent advantage).

Units	Bedroom Type	Gross		Adjusted Market Rent	Gross	
		Proposed Tenant Paid Rent	Proposed Tenant Rent		Adjusted Market Rent	Tax Credit Gross Rent Advantage
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	0 BR		\$0		\$0	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
	1 BR		\$0		\$0	
	2 BR		\$0		\$0	
10	2 BR	\$635	\$6,350	\$1,072	\$10,724	
40	2 BR	\$635	\$25,400	\$1,072	\$42,898	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	3 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
	4 BR		\$0		\$0	
Totals		50	\$31,750		\$53,622	40.79%